



# The Goodman Group

*Moments matter. Live them well.™*

September 11, 2017

Testimony for HB 618: The Goodman Group representing Valley Health and Rehab, Billings Health and Rehab, Village Healthcare, Riverside Healthcare, Hillside Healthcare and Valley View Healthcare supports Rule I, but does not support Rule II regarding SB 261.

HB 618 was supported by providers since it provided for substantial increases in Medicaid rates for MT. Currently most, if not all Long Term Care providers lose money on every Medicaid day they provide care. At Billings Health and Rehab in 2016 the facility had a NOI of (\$200K); already through June of 2017 we have matched that loss. We lose, on average around 22% on every Medicaid resident, or about \$48/day. TGG has 5 SNF's in MT and the range of expenses for Medicaid run from the lowest of around \$205/day up to as high as \$238/day compared to our reimbursement between \$172-\$174/day.

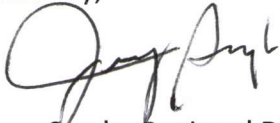
CMS has required many new services and regulations be provided under the final rule that include proof of completion of staff skills checklist, additional discharge planning, new requirements for pain management, new requirements for bowel incontinence and new requirements for residents on dialysis services just to name a few. CMS had estimated that the average SNF would spend an additional \$60K a year to provide these services. In reality the cost is probably more than that given that we have had to add additional hours and in some cases even additional staff to meet these requirements. The cost could be as high as \$100K/year, which is about \$3/per resident day based on our Medicaid census.

The day to day cost of doing business continues to rise with food costs, utilities, health insurance, worker's compensation and liability insurance increasing. Also, with the low unemployment rate at an nearly all time low we continue to struggle with hiring and retaining staff. Agency costs are extremely high costing 2x or more than regular staff plus additional expenses in travel and lodging in many of the rural areas in MT. The yearly need to increase staff wages to be competitive with other health care providers to retain staff along with increasing cost of other fixed costs make it necessary for our Medicaid rates to increase similarly. We are a service-based industry and our cost of providing the service is much greater than the revenue received to provide the care. HB 618 seemed to be an alternative to help narrow that margin. The increase in bed tax would have been offset with the increased Medicaid rate allowed by the Federal matching money. Without an increase in this revenue long term care providers may be unable to continue to provide care to residents who are among our most vulnerable adults. We may not be very far away from providers having to make a decision if they can continue to care for Medicaid residents when they lose so much money every day on every resident.

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In summary, long term care providers in MT supported HB 618 with the hope that by paying nearly double the bed tax each day (increasing from over \$8/day to over \$15/day), the State would receive Federal funding and return that to the providers in the way of a significant Medicaid increase to help alleviate the large daily loss we incur on caring for Medicaid residents. Rule II takes a large amount of that increase away from the provider after only 3 months of the increase. This is not what the intent of the original bill outlined and we cannot support that. Our vulnerable adults in our nursing homes deserve to have quality care that can only be provided by keeping pace with the cost of providing that care. Make the right choice and consider allowing the original intent of HB 618 or simply the required cuts to be implemented. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Smyle", with a large, stylized initial "J".

Jerry Smyle, Regional Director of Operations

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